

and our responsibility to make sure that the policies we enact for the good of the people actually are doing good for them. Evaluation is one of the key ingredients in good policy making and it does not take a degree in political science to realize what anyone with common sense already knows: When you try something new, you need to find out how it works.

As policy makers—regardless of our ideology or intuitions—it is our role to ensure that the programs we enact to provide for American families' well-being are effective and produce the outcomes we intend.

We need to know what is happening with the families who are affected by welfare reform. We need to know whether reform is, in fact, effectively helping low income mothers and their children build a path to escape poverty and move toward economic self-sufficiency.

As I have already explained, the data we do have does not provide us with all the information we need. We need to go beyond simply assuming that welfare and food stamp declines are "good" news.

The Swedish sociologist Gunnar Myrdal once said, "Ignorance is never random." Sometimes we choose not to know what we do not want to know. In the case of welfare reform, we must have the courage to find out.

PLIGHT OF THE DOMESTIC OIL AND GAS INDUSTRY

Mr. DOMENICI. Mr. President, the Wall Street Journal yesterday wrote:

What is not in dispute is how hard a hit small domestic oil took during the recent downturn in oil prices. While larger oil companies with their huge asset bases and integrated businesses were able to weather the storm, many of the smaller producers, which operate on low margins and minuscule volumes, lurched toward ruin.

These small producers, who mop up the tailings of the country's once-great oil fields primarily in the West and the Mid-west collectively produce about 1.4 million barrels of oil daily, an amount roughly equivalent to that imported to Saudi Arabia. And the total number of such subsistence wells, defined by the Interstate Oil and Gas Compact Commission as ones producing 10 barrels of crude a day or less were abandoned at an accelerated rate during the downturn, experts say.

The Wall Street Journal is not the only entity noticing the plight of the domestic independent oil and gas industry. DOE recently wrote: "Domestic crude oil producers have seen the price of their product (adjusted for inflation) fall to levels not seen since the 1930's."

Independent oil and gas producers have wells in 32 States. Senators from these producing States have heard from the producers, oil and gas service small businesses, Governors, mayors and county commissioners. The situation was so bad in Oklahoma that the Governor held a special session of the legislature. In New Mexico, we have oil

and gas producers organizing marches and rallies calling attention to their crisis. When the oil and gas industry suffers a cash flow problem and credit crunch, so do Federal, State and local governments. The recent oil and gas crisis has cost States and localities \$2.1 billion in lost royalties alone. One community had to choose between keeping the hospital or the school open. Oil tax revenues were, not sufficient to keep both operating.

The number of oil and gas rigs operating in the United States is at the lowest count since 1944, when records of this tally began. The industry is predicting that the U.S. will lose an additional million barrels a day of domestic production as a result of the last price collapse. This production shrinkage will be felt in the marketplace in 12 to 18 months.

Beginning in November 1997, the oil and gas exploration and development industry began experiencing the lowest inflation-adjusted oil prices in history.

Recent Independent Petroleum Association of America (IPAA) statistics speak for themselves:

- 55,000 jobs lost out of an estimated 338,600 total industry jobs.
- Additional 68,000 oil and natural gas jobs (20 percent) are at risk of being lost.
- 136,000 oil wells (25 percent of total U.S.) and 57,000 natural gas wells shut down.

Every barrel of domestic that we lose will have to be replaced with barrel of foreign produced oil and our dependence on foreign oil is already too high—in excess of 57 percent and trending higher.

The industry we are trying to help includes royalty owners in all 50 States. Many of these royalty owners are retired and depend on their oil royalty checks to pay for their daily expenses. When the price of oil dipped to \$10 a barrel several months ago, these royalty owners saw their royalty checks drop by half.

At \$18 to \$19 a barrel our independent producers barely break even. At \$14 a barrel they lose \$10.30 a day per well or \$3,752 a year per well.

The oil and gas industry is a very capital intensive industry on the front end—exploring and drilling wells and also on the back end—shutting in wells or going out of business. The drilling costs for a well range from \$600,000 to \$15 million for an off-shore deep water well. Getting out of the business is capital intensive industry, too. On average it costs \$5,000 to \$10,000 a well to decommission a well.

It is an industry dependent on banks and credit. The independents get about 40 percent of their capital from financial institutions. The price of oil has just recently improved, but the bankers have been reluctant to restructure loans or to make new loans.

Capital budgets to develop new production and replace depleting existing

production have been cut dramatically. Most independents are not drilling new wells. The industry has a viable future but they have to get through this current credit crunch, and they need loan restructuring to keep them going until they can recover from the big price drop of 1997 through mid-1999.

This is why I joined with Senator BYRD to propose an emergency loan program for oil, gas and steel—two important core industries. I am hopeful that the House will quickly name conferees and move the bill through the legislative process. Domestic oil and gas production is America's true national strategic petroleum reserve and we need to make sure there is an industry in the U.S. capable of meeting our strategic oil and gas needs.

I ask unanimous consent that an article that appeared in the June 30, 1999, Wall Street Journal be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, June 30, 1999]

OIL PRODUCERS FILE ANTIDUMPING SUIT
GROUP OF INDEPENDENT FIRMS SAYS FOUR
COUNTRIES SOLD AT CHEAP PRICES IN U.S.

(By Helene Cooper and Christopher Cooper)

WASHINGTON—Thirty years ago, after a two-day debate over the difference between material injury and immaterial injury in America's dense antidumping laws, Sen. Russell Long issued a commentary still bandied about in international trade corridors today. The antidumping debate, he said, "sounds more like the difference between mumbo-jumbo and jumbo-mumbo."

Yesterday, that jumbo-mumbo erupted into a case that could smack consumers right in the wallets—and just before an election year, no less. A group of independent oil producers has filed an antidumping suit with the Commerce Department and the International Trade Commission. The oil companies—representing an industry that 20 years ago was a cartel that kept prices high—say four countries "dumped" cheap oil on the U.S. market in 1998 and 1999.

The group, called Save Domestic Oil Inc., wants the Clinton administration to impose dumping duties on oil from the four alleged offenders—Mexico, Venezuela, Saudi Arabia and Iraq—which together account for more than half of the oil imported into the U.S. The duties requested range from 33.37% (Mexico) to 177.52% (Venezuela). Many of the bigger U.S. oil companies, which import much of their oil, oppose the complaint.

In Washington, where politicians are still reeling from the steel industry's recent attempt to limit steel imports, the case is bound to be politically explosive. "This oil thing could kill us," says one Clinton administration official. Indeed, if the oilmen win—and in the world of U.S. antidumping statutes, he who complains usually wins—the Clinton administration could well find itself blamed for increased prices at the pump.

Energy Secretary Bill Richardson called the complaint a "serious charge, with potentially serious consequences." He added that the administration should seek to "bring all the parties together to see whether there is a way to resolve the concerns raised by this petition."

Many economists and trade lawyers who dislike the U.S. antidumping law say it's

crazy to file an oil antidumping complaint because oil is a commodity regulated by world markets; as a commodity, oil's properties tend to be consistent, so the markets set a standard price. But Danny Briggs, proprietor of tiny Pickrell Oil Co. in northwest Kansas and a member of Save Domestic Oil's executive committee, says he's tired of watching cheap oil from abroad drive down the prices here. "We tried everything we could think of" before turning to the trade action, Mr. Briggs says. "It's been used by the apple growers and the steel manufacturers—why not the oil producers?"

Although most of the plaintiffs, advancing the trade complaint are small oil producers—strippers, as they're known in the business—one exception is Houston's Apache Corp., one of the nation's largest independent oil companies. Raymond Plank, Apache's chief executive, said he personally put up \$10,000 and his company anted up another \$10,000 to help pay the costs of the trade complaint, which is ultimately expected to cost the plaintiffs \$1.5 million in legal fees.

They hired Charles Verrill, a powerful Washington trade lawyer who, for 30 years, has represented U.S. businesses, including steelmakers, that complain about unfairly low prices from foreign competition. In this oil case, he says, "imports have increased significantly while prices have declined," noting that the price per barrel plunged to close to \$10 earlier this year before rebounding in the second quarter.

Economists opposed to the antidumping law said they want the oilmen to lose, but they relish the thought of a win embarrassing politicians into changing the law, which they see as protectionist and biased. "If this case succeeds, it may actually help put antidumping reform on the international trade agenda, where it should have been all along," says Robert Litan, an economist at the Brookings Institution and co-author of "Down In The Dumps," a book about antidumping law.

"Any economist who knows this subject will tell you these laws are ridiculous," Mr. Litan says. "They punish foreigners for selling below cost, activities which American companies do all the time in their domestic markets."

U.S. lawmakers, prodded by companies that wanted to protect their domestic sales from competition from cheap foreign imports, devised and refined the antidumping law as one weapon in the home-team arsenal. The rationale behind the law was simple: Hit the foreign countries with stiff duties to stop them from flooding the U.S. market with cheap goods and sending the U.S. companies out of business.

The wildcatters complain that Mexico, Venezuela and Iraq have been selling their oil in the U.S. at below the cost of production—the most widely accepted definition of dumping. Saudi Arabia, they complain, sold oil in Japan at higher prices than the oil it sold in the U.S.

Most trade lawyers say the oilmen have a good shot at victory. That's because U.S. antidumping law—conceived in the 1920s—has been refined by successive lawmakers to heavily favor the plaintiff. Indeed, in more than 90% of the cases filed, the Commerce Department finds in favor of the plaintiff.

The case will work its way through the Commerce Department and the International Trade Commission. The Commerce Department has as many as 20 days to decide whether to initiate an investigation. If the investigation goes forward, the department has 190 days to determine if dumping oc-

curred. The ITC then determines whether "material injury" to the oilmen occurred. Duties, if warranted, would follow.

The four countries deny the allegations and say they will fight them. Roberto Mandini, president of Venezuelan state-oil monopoly Petroleos De Venezuela SA, says that "pushing down oil prices would be suicidal for Venezuela." Adds Luis de la Calle, Mexico's undersecretary for international trade negotiations: "Mexico is not in the practice of unfair commercial practices."

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EFFECTIVE EXPORT CONTROLS

Mr. AKAKA. Mr. President, I wish to call attention to an important Governmental Affairs Committee hearing on export controls held last week.

In August 1998, the Chairman of the Governmental Affairs Committee requested the Inspectors General of the Departments of Commerce, Defense, Energy, State, and Treasury and the Central Intelligence Agency to conduct a review of their export license processes and to follow-up on an earlier set of reports that were done in 1993.

In their reports and at the hearing, the Inspectors General raised a number of important issues which, I believe, will require further oversight and clarification. These issues are especially important in light of the recent Cox Committee Report which highlighted espionage activities at our National Laboratories and the release of classified nuclear information. As we begin to debate the reauthorization of the Export Administration Act, the recommendations made by the Inspectors General should be considered in this context.

The Inspectors General concluded that the export control processes work relatively well, but they also highlighted additional issues that the Congress should continue to monitor. Certain of these issues include:

Inadequate monitoring by our National Laboratories of foreign visitors, who may be exposed to controlled technology which may require an export license.

Inadequate analysis by all of the agencies of the cumulative effect of dual-use and munitions list exports to a particular country or end-user.

Need to upgrade certain computer systems used in the export process.

Improve monitoring of conditions placed on licenses to ensure that sophisticated items are not diverted.

Enhance the processes for pre-license checks and post-shipment verifications of certain exports.

Enhance training and guidance of Licensing Officers.

I look forward to the Governmental Affairs Committee holding further hearings on this subject. We must ensure that the United States maintains an efficient and effective export control system. Further, our additional oversight on this issue will help ensure that exports of dual-use and munitions items will not go to rogue nations or individuals.

Our hearing last week raised important national security and proliferation issues, and I commend Senator THOMPSON and Senator LIEBERMAN, the ranking member of the Governmental Affairs Committee, for their leadership.

CBO COST ESTIMATE OF S. 1287

Mr. MURKOWSKI. Mr. President, in compliance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate, the Committee on Energy and Natural Resources has obtained a letter from the Congressional Budget Office containing an estimate of the costs of S. 1287, the Nuclear Waste Policy Amendments Act of 1999, as reported from the Committee. In addition, pursuant to Public Law 104-4, the letter contains the opinion of the Congressional Budget Office regarding whether the S. 1287 contains intergovernmental mandates as defined in that Act. I ask unanimous consent that the opinion of the Congressional Budget Office be printed in the RECORD.

There being no objection, the opinion was ordered to be printed in the RECORD, as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 14, 1999.

Hon. FRANK H. MURKOWSKI,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for the Nuclear Waste Policy Amendments Act of 1999.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Kim Cawley (for federal costs), who can be reached at 226-2860, and Marjorie Miller (for state and local impact), who can be reached at 225-3220.

Sincerely,

DAN L. CRIPPEN.

Enclosure.

Summary: This bill would amend the Nuclear Waste Policy Act by directing the Department of Energy (DOE) to make a final decision by December 31, 2001, whether to recommend to the President that the Yucca Mountain site in Nevada be developed as a permanent waste repository. The bill would, under certain conditions, provide for storage of waste at Yucca Mountain before a permanent repository is completed, and would